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## Prosperity Real Estate Investment Trust

(a Hong Kong collective investment scheme authorised under section 104  
of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong))  
(Stock Code: 808)

Managed by



**ARA Asset Management (Prosperity) Limited**

### **PROPOSED AMENDMENTS TO THE TRUST DEED AND PROPOSED REVISED ANNUAL CAP FOR CERTAIN CONNECTED PARTY TRANSACTIONS**

The board of directors (the "**Board**") of ARA Asset Management (Prosperity) Limited, as the manager (the "**Manager**") of Prosperity Real Estate Investment Trust ("**Prosperity REIT**"), wishes to announce that the Manager is proposing to (i) revise one of the annual monetary limits in respect of certain connected party transactions for the years ending 31 December 2007 and 31 December 2008 in response to the inadvertent breach of the relevant annual cap amount as stipulated in the waiver in respect of the relevant connected party transactions; and (ii) make certain amendments to the deed of trust dated 29 November 2005 constituting Prosperity REIT, as amended by a first supplemental deed dated 12 December 2005, (the "**Trust Deed**") entered into between HSBC Institutional Trust Services (Asia) Limited, as trustee of Prosperity REIT, and the Manager.

It has come to the Manager's attention that, for the year ended 31 December 2006, the actual value of certain property management transactions between Prosperity REIT and Cheung Kong Connected Persons Group, as stipulated in the waiver granted by the SFC (the "**Waiver**") to Prosperity REIT in respect of certain connected party transactions ("**Property Management Transactions**") in relation to Prosperity REIT was inadvertently in minor excess of the relevant annual cap amount. It has come to the Manager's attention that there is some discrepancy between the methodology it has been using for the relevant annual cap calculation on the Property Management Transactions in relation to Prosperity REIT and that used by other real estate investment trusts authorised by the SFC. The total value of Property Management Transactions for the year ended 31 December 2006 was HK\$10,941,000 which exceeded the cap amount of HK\$9,500,000 stipulated in the Waiver by approximately HK\$1,441,000. The excess amount of HK\$1,441,000 and the actual total value of the Property Management Transactions of HK\$10,941,000 represented approximately 0.049% and approximately 0.37% respectively of the net asset value of Prosperity REIT as at 31 December 2006.

The Manager has fully complied with the terms and conditions of the Waiver other than the inadvertent excess in respect of the annual cap amount for Property Management Transactions for the year ended 31 December 2006. The Manager confirms that the relevant Property Management Transactions for the year ended 31 December 2006 were entered into in the ordinary and usual course of business of Prosperity REIT, on normal commercial terms and in accordance with the relevant agreement, if any, on terms that are fair and reasonable and in the interests of Unitholders as a whole. In view of the circumstances, the Manager considers that it is appropriate to seek approval as soon as possible from the independent Unitholders for a revision to the annual cap amounts in respect of the Property Management Transactions for the years ending 31 December 2007 and 31 December 2008.

An independent board committee (the "**Independent Board Committee**") will be established by the Board to advise the independent Unitholders on the proposed revised annual cap, and also to provide its views on the Property Management Transactions for the year ended 31 December 2006. An independent financial adviser (the "**IFA**") will be appointed to provide its opinion on these matters to the Independent Board Committee and the independent Unitholders.

In addition, the Manager intends to propose certain amendments to the Trust Deed, the principal purposes of which are: (i) to clarify the manner of application of the general mandate provisions to cater for the possible issue by Prosperity REIT (or any companies controlled by it) of convertible instruments; (ii) to amend certain provisions relating to the mechanism for determining the issue price of new units in Prosperity REIT to be in line with market practice; (iii) to make amendments to certain provisions relating to service of notices to unitholders of Prosperity REIT (“Unitholders”) in respect of (among other things) Unitholders’ meetings to be in line with the market practice for corporate entities listed in Hong Kong; (iv) to allow certain expenses for activities that benefit Prosperity REIT to be payable out of the assets of Prosperity REIT; and (v) to add and to amend certain definitions and implement other minor drafting amendments.

Further details of (i) the excess in the monetary value of the Property Management Transactions over the relevant annual cap amount, and the reasons for such excess; (ii) the proposed revision of the annual monetary limit of the Property Management Transactions; and (iii) the proposed amendments to the Trust Deed, will be set out in a circular (the “Circular”) to the Unitholders expected to be despatched on or around Friday, 13 April 2007. The Circular will also contain (among other things) the views of the Independent Board Committee and the IFA as referred to above, as well as the notice of an extraordinary general meeting of the Unitholders to be convened for the purpose of considering resolutions relating to the proposed amendments to the Trust Deed and the proposed revision to the annual monetary limit for Property Management Transactions (the “EGM”) and the form of proxy for the EGM. The Circular will be available for reference on the website of Prosperity REIT as from the date of its despatch.

Further announcement(s) will be made as and when appropriate.

By order of the board of directors of  
**ARA Asset Management (Prosperity) Limited**  
**(as manager of Prosperity Real Estate Investment Trust)**  
**Lin Chung Sing, Charlie**  
*Executive Director and Chief Executive Officer*

Hong Kong, 30 March 2007

*The Directors of the Manager as at the date of this announcement are Mr. Chiu Kwok Hung, Justin (Chairman), Mr. Lim Hwee Chiang and Mr. Ma Lai Chee, Gerald as Non-executive Directors; Mr. Lin Chung Sing, Charlie as Executive Director; Mr. Lan Hong Tsung, David, Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Mr. Robert Douglas Pope as Independent Non-executive Directors.*

Please also refer to the published version of this announcement in The Standard.